
Treasurer Lockyer Announces Results of First Stem Cell Research Bond Sale — Individuals Buy \$102.8 Million of \$250 Million: Sale Makes State Nation's Leader in Embryonic Stem Cell Research

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SACRAMENTO - State Treasurer Bill Lockyer today announced individuals purchased \$102.8 million of \$250 million in bonds during the first sale conducted under Proposition 71, the \$3 billion stem cell research measure approved by voters in 2004.

"The investment by individuals far exceeded our expectations and shows how strongly Californians believe in the promise of stem cell research to cure diseases and relieve suffering," said Lockyer. "Proposition 71 paved the way for a new approach to finance biomedical research and the development of intellectual capital. This sale gets that endeavor off to a great start."

Robert N. Klein, chairman of the California Institute for Regenerative Medicine (CIRM) governing board and author of Proposition 71, said, "The strong participation of individual investors in the first sale of stem cell research bonds is deeply gratifying. Certainly many of the investors are patients suffering from debilitating disease or injury. They're making an investment in their future not simply their financial future, but their future quality of life. We are grateful to all of them for their continued support. We very much appreciate the efforts of State Treasurer Bill Lockyer, his deputy, Paul Rosenstiel, his staff, and all the underwriters for making this historic bond offering so successful."

The \$102.8 million in purchases by individuals comprised 41.1 percent of the total, and more than tripled the amount expected by the Treasurer's Office and its underwriting team. A total of 18 institutional investors (such as mutual funds, banks or insurance companies) bought the balance of the \$250 million. The sale started Wednesday and ended today.

The interest rate on the bonds will be 5.168 percent, which is 1.15 percentage points above today's rate on three-year U.S. Treasury notes.

The \$250 million sale will provide the nation's largest-ever State investment in human embryonic stem cell (hESC) research. It also marks the first time ever GO bonds have been used to directly finance the development of intellectual capital.

To help illustrate the magnitude of the investment made possible by the sale, Lockyer noted the National Institute of Health since the 2002 fiscal year has funded a total of \$131 million in hESC research.

Of the \$250 million, more than \$200 million will fund hESC research grants. Another \$48 million will pay back "bond anticipation notes" that also have financed hESC research grants. The BANs were provided by private individuals and foundations to keep Proposition 71's research program running while an ultimately unsuccessful legal challenge delayed the measure's bond financing.

As Treasurer, Lockyer manages the sale of all GO bonds issued by the State, including the stem cell bonds.

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